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*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles
County residents through direct
services at DHS facilities and
through collaboration with
community and university
partners*



www.dhs.lacounty.gov

April 19, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT TO EQUIPMENT MAINTENANCE AND
REPAIR SERVICES AGREEMENT WITH DRAEGER MEDICAL, INC.
(ALL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval of an Amendment to the existing Agreement with Draeger Medical, Inc. for equipment maintenance and repair services at various Department of Health Services facilities.

IT IS RECOMMENDED THAT YOUR BOARD:

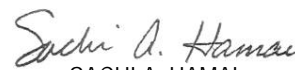
1. Authorize the Director, or his designee, to execute Amendment No. 2 to Agreement H-702062 with Draeger Medical, Inc. (Draeger), effective upon execution, to extend the term of the Agreement for the period of June 1, 2011 through May 31, 2013 for the continued provision of anesthesia equipment maintenance and repair services at Harbor-UCLA Medical Center (H-UCLA MC), High Desert Multi-Service Ambulatory Care Center (HD MACC), H. Claude Hudson Comprehensive Health Center (Hudson CHC), Olive-UCLA Medical Center (OV-UCLA MC), and Rancho Los Amigos National Rehabilitation Center (RLANRC) at the current rates, with a maximum obligation of \$83,891 for the period of June 1, 2011 through May 31, 2012 and \$82,701 for the period of June 1, 2012 through May 31, 2013.

2. Delegate authority to the Director, or his designee, to increase the total maximum obligation of the above-mentioned Agreement by no more than 40

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#28 APRIL 19, 2011


SACHI A. HAMAI
EXECUTIVE OFFICER

percent above the annual maximum, for a potential annual increase of \$33,556, for equipment coming off warranty, and for emergency or unanticipated equipment maintenance and repair services.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the first recommendation will allow the Director, or his designee, to execute an Amendment, substantially similar to Exhibit I, to the Agreement with Draeger to continue vital preventive maintenance and repair services for anesthesia equipment at various Department of Health Services (DHS) facilities. The Agreement expires May 31, 2011. The anesthesia equipment covered under this Agreement supports the administration of anesthetic gases to the patients. Draeger is the original equipment manufacturer (OEM). Whenever possible, DHS contracts with the OEM to ensure that the medical equipment, which often uses proprietary technology, performs in accordance with equipment specifications. Another benefit of contracting with the OEM is faster access to OEM parts when repair services, especially for emergencies, are needed.

Appropriate administration of anesthesia is a key function in every surgical unit. The Draeger anesthesia equipment monitors a patient's heart rate, electrocardiogram, blood pressure, oxygen saturation, and brain function during and after surgery. This equipment must be readily operational without any obstructions, defects, or pressure leaks to ensure patient safety. The two-year extension is recommended because the Contractor would only agree to extend the Agreement for two years through May 31, 2013 at the current rates.

Approval of the second recommendation will allow the Director, or his designee, to increase the maximum obligation of the Agreement up to 40 percent, if necessary, to cover equipment coming off warranty and emergency/unanticipated equipment maintenance and repair services. The Joint Commission requires facilities to cover medical equipment maintenance under a service contract. Therefore, this delegated authority is necessary to enable the Agreement to be amended timely to guarantee that the critical anesthesia equipment is maintained appropriately to ensure the safety of patients, as well as to meet the requirements of The Joint Commission. DHS believes that the 40 percent requested for potential increases is appropriate, especially when the contract amount is relatively small, since adding even a few pieces of equipment may use up the entire 40 percent increase.

Implementation of Strategic Plan Goals

The recommended actions support Goal 4, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The maximum obligation of the Agreement for equipment maintenance and repair services is \$83,891 for the period of June 1, 2011 through May 31, 2012, and \$82,701 for the period of June 1, 2012 through May 31, 2013. The maximum obligations for each DHS Facility are identified on Attachment A.

The total potential annual increase under delegated authority is \$33,556 and will be funded using existing resources.

Funding is included in DHS' 2010-11 Final Budget and will be requested in future fiscal years as necessary.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On May 30, 2006, your Board approved an Agreement with Draeger to provide maintenance and repair services for anesthesia equipment at various DHS facilities, effective May 30, 2006 through May 31, 2011. Since that time, DHS facilities purchased additional new models of anesthesia equipment to improve the quality of patient care. These pieces of equipment came off warranty in 2008 and needed coverage under the service contract to meet The Joint Commission requirements. On August 19, 2008, your Board approved an Amendment to increase the Agreement maximum obligation because the delegated authority was insufficient to add the new equipment.

The Agreement contains all of your Board's required provisions, including the Defaulted Property Tax Reduction Program. The County may terminate the Agreement with 30 days' prior written notice. DHS has determined that this is not Proposition A agreement because the services provided are intermittent and highly specialized. Therefore, the County's Living Wage Program (County Code Charter 2.201) does not apply.

County Counsel has reviewed and approved Exhibit I as to use and form.

CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will allow DHS to ensure the ongoing maintenance and repair services for the anesthesia equipment.

The Honorable Board of Supervisors

4/19/2011

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Respectfully submitted,

A handwritten signature in black ink, reading "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:jc

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

ATTACHMENT A**DEPARTMENT OF HEALTH SERVICES
Equipment Maintenance & Repair Services Agreements**

DRAEGER	June 1, 2011 - May 31, 2012	June 1, 2012 - May 31, 2013	TOTAL
H-UCLA MC	\$18,499	\$18,499	\$36,998
HD MACC	\$6,167	\$6,167	\$12,334
HUDSON CHC	\$8,300	\$7,110	\$15,410
OV-UCLA MC	\$46,587	\$46,587	\$93,174
RLANRC	\$4,338	\$4,338	\$8,676
Maximum Obligation	\$83,891	\$82,701	\$166,592

EQUIPMENT MAINTENANCE AND REPAIR SERVICES AGREEMENT

AMENDMENT NO. 2

THIS AMENDMENT is made and entered into this ____ day of _____, 2011,

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

DRAEGER MEDICAL, INC.
(hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled, "EQUIPMENT MAINTENANCE AND REPAIR SERVICES AGREEMENT", dated May 30, 2006, and further identified as County Agreement No. H-702062 and amendment thereto (all hereafter referred to as "Agreement"); and

WHEREAS, it is the intent of the parties hereto to extend the term and make other changes described hereinafter; and

WHEREAS, under delegated authority the Department removed LAC+USC Medical Center from this Agreement in November 2008; and

WHEREAS, Agreement provides that changes in accordance with Paragraph 15, ALTERATION OF TERMS, may be made in the form of a written amendment which is formally approved and executed by the parties.

NOW, THEREFORE, the parties agree as follows:

1. This Amendment shall become effective upon execution.

2. Schedule 8, attached hereto and incorporated herein by reference, shall be added to the Agreement to replace all previous schedules. Wherever any schedule is referenced, it shall now mean Schedule 8.

3. Agreement Paragraph 1, TERM, shall be deleted in its entirety and replaced with the following:

"1. TERM: The term of this Agreement shall commence on May 30, 2006, and shall continue in full force and effect to midnight May 31, 2013, unless sooner canceled or terminated as provided herein."

4. Subparagraph C of Agreement Paragraph 5, MAXIMUM OBLIGATION OF COUNTY, shall be deleted in its entirety and replaced by the following:

"C. The maximum obligation of County for all services provided hereunder shall not exceed Eighty-Three Thousand, Eight Hundred Ninety-One Dollars (\$83,891), effective June 1, 2011 through May 31, 2012.

D. The maximum obligation of County for all services provided hereunder shall not exceed Eighty-Two Thousand, Seven Hundred One Dollars (\$82,701), effective June 1, 2012 through May 31, 2013.

E. During the term of this Agreement, the Director may amend this Agreement if additional maintenance and repair services are needed and may increase the maximum obligation by no more than forty percent (40%) of the FY 2011-12 annual maximum obligation for unanticipated maintenance and repair services and if equipment is added/removed to/from any Medical Facility."

5. Paragraph 49, CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM, shall be added to the Agreement's STANDARD PROVISIONS to read as follows:

“49. CONTRACTOR’S WARRANTY OF COMPLIANCE WITH
COUNTY’S DEFAULTED PROPERTY TAX REDUCTION PROGRAM:

Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this contract will maintain compliance, with Los Angeles Code Chapter 2.206.”

6. Paragraph 50, TERMINATION FOR BREACH OF WARRANTY TO
MAINTAIN COMPLIANCE WITH COUNTY’S DEFAULTED PROPERTY TAX REDUCTION
PROGRAM, shall be added to the Agreement’s STANDARD PROVISIONS to read as follows:

“50. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN
COMPLIANCE WITH COUNTY’S DEFAULTED PROPERTY TAX REDUCTION
PROGRAM: Failure of Contractor to maintain compliance with the requirements set forth in Paragraph 49 - Contractor's Warranty of Compliance with County's Defaulted Property Tax Reduction Program shall constitute default under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure of Contractor to cure such default within 10 days of notice shall be grounds upon

which County may terminate this Agreement and/or pursue debarment of Contractor, pursuant to County Code Chapter 2.206.”

7. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by its Director of Health Services, and Contractor has caused this Amendment to be executed in its behalf by its duly authorized officer, the day, month and year first above written.

COUNTY OF LOS ANGELES

By _____
Mitchell H. Katz, M.D.
Director of Health Services

DRAEGER MEDICAL, INC.
Contractor

Signature

By _____
Printed Name

Title _____

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL

Schedule 8

Draeger Medical, Inc.
Equipment Maintenance and Repair Services

Effective June 1, 2011 through May 31, 2013

Facility	Model	Serial #	PMs/ Year	Quarterly Payment	Payment/ PM	6/1/2011 - 5/31/2012	6/1/2012 - 5/31/2013
Hudson Comprehensive Health Center (Installed Base - Anesthesia)	Narcomed GS	16069	4	\$468		\$1,870	\$1,870
	Narcomed GS	16070	4	\$468		\$1,870	\$1,870
	Narcomed GS	16688	4	\$468		\$1,870	\$1,870
						6/1/2011 - 12/31/2011	
	Narkomed 2C **	11898	4	\$298		<u>\$1,190</u>	<u>\$0</u>
	Total Services					\$6,800	\$5,610
Reserve Funds *						\$1,500	\$1,500
Total:						\$8,300	\$7,110
Harbor-UCLA Medical Center (Installed Base - Anesthesia)	Narcomed GS	13523	4	\$468		\$1,870	\$1,870
	Narcomed GS	13522	4	\$468		\$1,870	\$1,870
	Fabius GS	ARXJ-0027	2		\$544	\$1,088	\$1,088
	Fabius GS	ARXJ-0028	2		\$544	\$1,088	\$1,088
	Fabius GS	ARYJ-0167	2		\$544	\$1,088	\$1,088
	Fabius GS	ARYJ-0168	2		\$544	\$1,088	\$1,088
	Fabius GS	DRFW-0006	2		\$544	\$1,088	\$1,088
	Fabius GS	DRWE-0039	2		\$544	\$1,088	\$1,088
	Infinity Delta XL Monitor	5396097061	1		\$1,129	\$1,129	\$1,129
	Infinity Delta XL Monitor	5397524659	1		\$1,129	\$1,129	\$1,129
	Infinity Delta XL Monitor	5398943249	1		\$1,129	\$1,129	\$1,129
	Scio Anesthetic Gas Analyzer	ARUL-0053	1		\$460	\$460	\$460
	Scio Anesthetic Gas Analyzer	ARXJ-0007	1		\$460	\$460	\$460
	Scio Anesthetic Gas Analyzer	ARXJ-0008	1		\$460	\$460	\$460
	Scio Anesthetic Gas Analyzer	ARYD-0111	1		\$460	\$460	\$460
	Scio Anesthetic Gas Analyzer	ARYJ-0064	1		\$460	<u>\$460</u>	<u>\$460</u>
	Total Services					\$15,954	\$15,954
Reserve Funds *						\$2,545	\$2,545
Total:						\$18,499	\$18,499

Facility	Model	Serial #	PMs/ Year	Quarterly Payment	Payment/ PM	6/1/2011 - 5/31/2012	6/1/2012 - 5/31/2013
High Desert Multi-Service Ambulatory Care Center (Installed Base - Anesthesia)	Narcomed GS	14110	4	\$468		\$1,870	\$1,870
	Narcomed GS	16601	4	\$468		\$1,870	\$1,870
	Fabius GS	ARZD-0035	2		\$544	\$1,088	\$1,088
	Trace Gas (158452ZW01)	91042379	4	\$112		\$446	\$446
	Trace Gas (158452ZW02)	91042379	4	\$112		\$446	\$446
	Trace Gas (158452ZW03)	91042379	4	\$112		\$446	\$446
	Total Services					\$6,167	\$6,167
Rancho Los Amigos National Rehabilitation Center (Installed Base - Anesthesia)	Fabius GS	DRUN-0154	2		\$544	\$1,088	\$1,088
	Infinity Delta Monitor	5395601865	1		\$1,129	\$1,129	\$1,129
	Scio Anesthetic Gas Analyzer	ARUN-0029	1		\$460	\$460	\$460
	Total Services					\$2,677	\$2,677
Reserve Funds *						\$1,661	\$1,661
Total:						\$4,338	\$4,338
Olive View-UCLA Medical Center (Installed Base - Anesthesia)	Fabius GS	ARWL-0169	2		\$544	\$1,088	\$1,088
	Fabius GS	ARWL-0170	2		\$544	\$1,088	\$1,088
	Fabius GS	ARWL-0171	2		\$544	\$1,088	\$1,088
	Fabius GS	ARWL-0172	2		\$544	\$1,088	\$1,088
	Fabius GS	ARWL-0173	2		\$544	\$1,088	\$1,088
	Fabius GS	ARWL-0255	2		\$544	\$1,088	\$1,088
	Fabius GS	ARWL-0256	2		\$544	\$1,088	\$1,088
	Fabius GS	ARWL-0257	2		\$544	\$1,088	\$1,088
	Fabius GS	ARWL-0258	2		\$544	\$1,088	\$1,088
	Fabius GS	ARWL-0259	2		\$544	\$1,088	\$1,088
	Infinity Delta Monitor	5396254569	1		\$1,129	\$1,129	\$1,129
	Infinity Delta Monitor	5396357458	1		\$1,129	\$1,129	\$1,129
	Infinity Delta Monitor	5396357663	1		\$1,129	\$1,129	\$1,129
	Infinity Delta Monitor	5396368954	1		\$1,129	\$1,129	\$1,129
	Infinity Delta Monitor	5396370568	1		\$1,129	\$1,129	\$1,129
	Infinity Delta Monitor	5396388059	1		\$1,129	\$1,129	\$1,129
	Infinity Delta Monitor	5396391955	1		\$1,129	\$1,129	\$1,129
	Infinity Delta Monitor	5396402365	1		\$1,129	\$1,129	\$1,129
	Infinity Delta Monitor	5396418856	1		\$1,129	\$1,129	\$1,129
	Infinity Delta Monitor	5396422566	1		\$1,129	\$1,129	\$1,129
	Scio Anesthetic Gas Analyzer	ARUM-0186	1		\$460	\$460	\$460
	Scio Anesthetic Gas Analyzer	ARWL-0188	1		\$460	\$460	\$460
	Scio Anesthetic Gas Analyzer	ARWL-0195	1		\$460	\$460	\$460
	Scio Anesthetic Gas Analyzer	ARWL-0199	1		\$460	\$460	\$460
	Scio Anesthetic Gas Analyzer	ARWM-0001	1		\$460	\$460	\$460
	Scio Anesthetic Gas Analyzer	ARWM-0009	1		\$460	\$460	\$460

Facility	Model	Serial #	PMs/ Year	Quarterly Payment	Payment/ PM	6/1/2011 - 5/31/2012	6/1/2012 - 5/31/2013
	Scio Anesthetic Gas Analyzer	ARWM-0010	1		\$460	\$460	\$460
	Scio Anesthetic Gas Analyzer	ARWM-0011	1		\$460	\$460	\$460
	Scio Anesthetic Gas Analyzer	ARWM-0013	1		\$460	\$460	\$460
	Scio Anesthetic Gas Analyzer	ARXE-0118	1		\$460	\$460	\$460
	Infinity Explorer	TPAA020861	1		\$1,122	\$1,122	\$1,122
	Infinity Explorer	TPAA052846	1		\$1,122	\$1,122	\$1,122
	Infinity Explorer	TPAA056549	1		\$1,122	\$1,122	\$1,122
	Infinity Explorer	TPAA063902	1		\$1,122	\$1,122	\$1,122
	Infinity Explorer	TPAA063919	1		\$1,122	\$1,122	\$1,122
	Infinity Explorer	TPAA063955	1		\$1,122	\$1,122	\$1,122
	Infinity Explorer	TPAA065483	1		\$1,122	\$1,122	\$1,122
	Infinity Explorer	TPAA067356	1		\$1,122	\$1,122	\$1,122
	Infinity Explorer	TPAA075125	1		\$1,122	\$1,122	\$1,122
	Infinity Explorer	TPAA096442	1		\$1,122	\$1,122	\$1,122
	Infinity Explorer SW Upgrade Option	(10 units)			\$2,000	\$2,000	\$2,000
Total Services						\$39,988	\$39,988
Reserve Funds *						\$6,599	\$6,599
Total:						\$46,587	\$46,587
Total Services for All Facilities						\$71,586	\$70,396
Total Reserve Funds						\$12,305	\$12,305
Grand Total						\$83,891	\$82,701

* For "end-of-life" equipment maintenance and repair services and "out-of-scope" repairs/parts.

** Due to end-of-life, Narkomed 2C will be covered through 12/31/2011.

Out-of-Scope Services: Labor (at a set rate of \$717.36) and Parts.

Due to different preventive maintenance schedule for different equipment, ayment is required in arrear

ar after each preventive maintenance service!